

STATE PLANNING PROJECT FOR THE UNINSURED

HIGHLIGHTS FROM FOCUS GROUPS WITH EMPLOYERS, INSURANCE AGENTS AND THE UNINSURED

Overview

The purpose of the Michigan State Planning Project for the Uninsured is to develop realistic strategies to extend health insurance coverage to all Michigan residents. Focus groups provided insight into how participants from various vantage points view issues related to uninsurance.

The primary objectives of the focus groups with *insurance agents* were to:

- Identify and explore the factors that impact the sale of health insurance and employers' decisions about whether they should offer health benefits.
- Determine what role agents feel the government should have in providing health insurance.
- Give insurance agents an opportunity to participate in the planning process.

The primary objectives of conducting focus groups with *uninsured individuals* were to:

- Assess their concerns related to being uninsured.
- Learn about their problems in securing health insurance for themselves and their families.
- Gain insight into their ability to access health care without health insurance.

The primary objectives of the *employer* focus groups were to:

- Investigate factors that influence employers' decisions about whether to offer health benefits to employees and their families.
- Assess their concerns with health insurance, and barriers to providing benefits to their employees.
- Gather their opinions on what role government should play in the provision of health insurance.

Focus groups were conducted in eight cities scattered throughout the State of Michigan in late 2005. In addition, 90 telephone interviews were conducted to supplement information from the focus groups.

The results must be reviewed from a qualitative frame of reference only. The information presented is valid from the point of view of the participants, and therefore is limited to the participants' opinion, knowledge base and information sources.

Findings from Insurance Agents

Insurance agent focus groups were held in Southfield and Grand Rapids with a total of 12 participants. Two telephone interviews were also conducted.

Why Employers Purchase Health Insurance

Employers offer health insurance to enhance their recruitment and retention efforts as they compete for high quality employees. Some small employers offer health insurance to their

workers because they need it for themselves and their families and find that a group policy is less expensive than individual coverage.

Challenges to Selling Health Insurance to Employers

Challenges that agents encounter in selling health insurance to employers include: the cost can be prohibitive; small group products often have limited benefits particularly if one or more of the employees has a health condition; and, employee expectations of what benefits should be included can be unrealistic.

Agents feel that the high cost of health insurance can be attributed to small group market reform, regulatory mandates, regional cost structures, consumers desiring the best care regardless of cost, and individuals who are uninsured by choice that receive their care in the emergency room. They claim that selling health insurance would be easier if agents could sell basic plans with optional add-on benefits.

Employer Concerns Relative to the Purchase of Health Insurance

Many employers do not offer health insurance because it is too expensive. To reduce the cost of coverage, many employers have tightened eligibility criteria, reduced benefits and shifted costs to employees.

The Effect of Rising Costs of Health Insurance on Employer

Agents believe that the tendency of employers to reduce benefits and increase deductibles and co-pays has had the general effect of reducing annual increases.

How Health Insurance Should be Financed

Agents think that the current method of financing health insurance is fair because employers receive tax deductions and employees can finance their share with pre-tax dollars. Several agents suggest the government should provide a state plan with basic coverage for those who can't afford private plans.

Government's Appropriate Role in Expanding Health Insurance Coverage to Uninsured Michiganians

Some agents feel government's role should be limited to meeting the needs of individuals who need financial assistance in order to access health care. The majority of participants agree that the government would be helpful in educating the public about the true cost of health care and some supported the government making quality and price information about physicians and hospitals available to the public. There was general support for state and federal governments creating more free and low cost clinics to offset over-utilization of emergency rooms.

Findings from Uninsured Individuals

Focus groups with uninsured individuals were held in Detroit, East Jordan and Jackson, with a total of 24 participants who were recruited at free clinics and health centers.

The Importance of Health Insurance for the Uninsured

The uninsured in the focus groups feel that having health insurance is very important because it provides security, which they define as being able to see a doctor for preventive care to avoid future health problems, and not missing work due to illness. They also feel that insurance provides a way to avoid costly medical bills that may cause financial ruin.

Some focus group members with pre-existing conditions had attempted to purchase health insurance on their own, but discovered that their conditions made coverage unaffordable, if it was available at all.

Accessing Health Care without Health Insurance

The majority of uninsured focus group members state they do not receive regular health care such as preventive care, laboratory tests, and maintenance prescriptions. Many also forego dental or vision check-ups, and request generic prescriptions or samples to decrease their health care costs. Participants with potentially serious medical conditions state that they have been unable to see a specialist for tests or procedures since they use free clinics and low cost health centers that do not provide specialty care.

The uninsured try very hard to avoid using emergency rooms, but say that there are times when they are forced to go because they are unable to get an appointment elsewhere or because they find themselves needing care after business hours.

Public Opinions on State Sponsored Health Insurance Programs

All participants agree that health insurance programs for children generally have good coverage for basic services. However, there was a great deal of frustration expressed with eligibility guidelines for state-sponsored programs for adults, since they feel it excludes individuals who are in desperate need of assistance.

Recommendations for Extending Health Insurance to the Uninsured

The majority of participants feel that it should be a priority to create more free and low-cost clinics. Others recommend: organizing free health screenings and health fairs; creating a universal health care plan; and changing the income guidelines for government-sponsored programs so more individuals qualify for assistance.

Setting Premiums for Health Insurance

Participants would prefer that their fees for health insurance be determined by a sliding scale, based on their income.

Findings from Employers

Focus groups were conducted in Marquette, Traverse City, Lansing, Grand Rapids, and Detroit, in late 2005. There were two focus groups with employers at each location, one with employers offering insurance and one with employers not offering insurance. Twenty employers offering insurance and 13 employers not offering insurance participated. Additionally, 88 telephone interviews with employers were completed, 46 with employers who offer insurance and 42 with employers not offering insurance.

Employer Responsibility for Providing Health Insurance to their Employees

Most employers in the focus groups believe health care to be a valid responsibility of business owners. Those who felt otherwise say that is because it is not feasible for them to offer health insurance to employees or because their employees have coverage through a spouse.

The Decision to Offer Health Insurance

Employers offer health insurance because it allows them to recruit and retain employees, remain competitive in the industry, and be consistent with the values of their organization. Key benefits accruing to a company that provides health insurance include: decreased turnover; increased employee loyalty; better morale among employees; and a healthier workforce, which can lead to decreased absenteeism and increased productivity.

Most employers who do not offer health insurance acknowledge that they would like to offer health insurance benefits, but are unable to do so for financial reasons.

The Impact of High Premium Costs on Employers

Employers who do not offer insurance indicate that it is difficult to offer health insurance because of cost and the large annual premium increases that have been realized the past few years. Those who offer insurance say it is difficult to do so because costs are extremely high, and pre-existing conditions limit the carriers and types of coverage that are available.

Employer Response to Rising Health Care Costs

In general, employers who offer insurance said they have shifted more of the costs to employees to enable them to continue offering insurance, but many are unsure how much longer they can continue with these practices. Other ways employers have responded to rising costs include: joining a group to get better rates; changing to a self-funded plan; or, working with their employees to identify other sources for coverage. Many indicate that they have cut everything they can, but see no end to cost increases. Some would like to change carriers or policies to reduce costs, but can't because their employees have pre-existing conditions.

Financing Health Insurance

Employers agree that a fair system of financing health insurance would involve the employer and the employee sharing the costs of coverage. Others would like to see government contribute to the cost of health insurance and suggest a three-way sharing of premiums with the employer, employee and government each paying one-third of the cost. Others suggest that contributions from employers and employees should be a percentage of their income/revenues, and the government should subsidize the remaining portion of premiums.

Some employers articulated support for a single-payer system where the government would purchase insurance for everyone, negotiate lower rates, and provide a basic health care package with individuals paying a portion of the premium.

Government's Role in Health Care and Health Insurance

Most employer participants, whether they offer, or do not offer health insurance, say they feel that the government has to take some action to reduce the number of people without health insurance, with most feeling that government should regulate the cost of health insurance and health care. At the same time, many recognize that this may not be realistic in a free-market economy.

Some employers expressed support for a government created state insurance program, into which small businesses and individuals could enroll, with rates on a sliding scale. Many employers would like additional tax deductions or credits for offering health insurance, and feel that more education on health insurance would help in reducing overall health care costs.